

Newspaper: Providence Journal

Date: _____

Page: _____

Unclaimed property in the crosshairs

State auditors are being specifically trained to identify inadequate reporting of unclaimed property by companies.

JOURNAL STAFF REPORT

Rhode Island Tax Administrator David M. Sullivan, the Department of Administration, and General Treasurer Frank Caprio have developed an auditor training program to ensure that companies are properly reporting unclaimed or abandoned property in their possession.

Putting taxation officials in the field to make sure companies are fulfilling their responsibilities under the state's unclaimed property law will improve reporting of such property and bolster the state's efforts to restore that property to its rightful owners, Caprio said.

Forty-five state corporate and sales-tax auditors have received training in unclaimed property audit procedures, which will help them identify possible under-reporting or inadequate reporting by companies being examined by the Division of Taxation.

Caprio said the state has not had auditors doing this work for nearly a decade.

As part of the new compliance effort, he said an amnesty program has been established to give companies until Dec. 31 to report unclaimed property being held without being penalized under the state's general laws for inadequate reporting.

"The people of Rhode Island lose out when companies are not reporting the existence of unclaimed property," said Caprio. "That is why we need an effective enforcement program in place to make sure companies are complying with the law and giving us the information we need to get unclaimed property back to its owners."

The program was included in the governor's budget and approved by the General Assembly as a source of revenue. Under state law, companies are required to report to the state any property—including inactive financial accounts, payroll checks, stocks and dividends, safe deposit boxes, life insurance policies, customer deposits or overpayments, utility deposits, and certificates of deposit—left unclaimed after attempts to contact the owners. The revenue from that program goes to the state and it is the General Treasurer's duty to try to find the owners and return their property to them.

Companies failing to report unclaimed property can face fines of up to \$100 a day for each examiner/auditor required to assess the value of the property being held. State law also allows for a civil penalty of between \$100 and \$500 for each day a report of unclaimed property is withheld as well as a civil penalty of 25 percent of the value of the property that should have been paid or delivered.

With the new auditor training effort, Caprio said the state's enforcement efforts will be greatly enhanced. He said the amnesty will give companies adequate opportunity to evaluate their reporting procedures and make sure they are fully complying with state laws regarding the disclosure of unclaimed property.

"Our goal is to promote compliance with the law by having effective enforcement tools coupled with an improved effort to inform companies about their responsibilities," said Caprio. "The unclaimed property amnesty program will give companies the chance to review their reporting process and make sure they are turning over unclaimed property to the state so we can return it to the rightful owners."